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TRENDS OF PRIVATE COMMERCIAL ENTERPRISES IN CHINA

 $\sqrt{\text{Summary:}}$ This report discusses some of the trends in private commercial enterprise between 1950 - 1953, and emphasizes the concentration on large volume sales at small profits. It cites as examples, six companies in the cities of Peiping, Soochow, Shanghai, Canton, Tsingtao, and Tientsin.7

In recent years, because of the new trends of economic activity in the world's markets, business prospects have improved and private merchants feel assured of a healthy turnover of goods. The new business trend manifested by the private merchants has many aspects. One important aspect is making large volumes of sales at small profits to industrial workers and peasants. Examples of such business practices are innumerable.

For instance, Peiping's privately operated Jui Fu-hslang silk cloth shop, which has been operating for more than 70 years, in the past concentrated on silk and satin goods, with emphasis on profits. In the era before liberation it had already experienced financial instability, and since its management did not believe it had any future in the new democratic society, it lost economic confidence and business conditions went from bad to worse.

By the summer of 1950, this shop was concentrating on making a large volume of sales at smaller profits to the workers and farmers. It sold its almost valueless inventories at a 20 percent discount, and converted to the production of goods more in line with the people's demands. Profits on these new items were reduced, but business changed gradually from fair to improved conditions. The income of the three branches of Jui Fu-hsiang Company at Ta Cha-lan Chueh in south Peiping had, by April of this year, reached 5,700,000,000 yuan, which was double the business for the same period last year.

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As another example, Soochow's largest silk floth shop, called Ta-feng, previously handled only wholesale traie, but following the F.ve Antis Movement, it turned its attention to retail selling, applied the principle of selling a large volume at small profits to the workers and farmers, and strove to build up customers. Consequently, its business is flourishing. From January to March 1953, before last.

The Yung-an Company in Shanghai has had similar experiences. In the preliberation period and during the early part of the liberation, the business faced many difficult problems because the organization was too large and unwieldy. Furthermore, its economic efforts were not directed toward the masses. From August 1952 to January 1953, the company has held several joint labor-management consultative conferences. As a result the company management plan which was put into effect has enabled the company to exceed the set quota each month. The company has realized a steady surplus since last August, with the greatest surplus in any one month amounting to more than 400 million year. Following the installation of this new plan, there was a marked improvement in buying methods, in the opening of new markets, and an expansion of the buying and selling radius.

This sort of revamping is easily accomplished. For instance, the Canton import-export firm Hodding Gompany, has consentrated on the export of local products, and normally maintaines eight or nine employees in the producing areas to purchase the local products. The buying activities were carried out systematically. For example, when the purchasing agents were in the agricultural villages of the northern part of East Chine, they would notify the peasants in advance to start out early and assemble in the markets in order to brade their goods. In this way the purchasing agents increased their business. Last year, transactions completed as a result of participation in the central goods market amounted to 5 billion year, and last years botal value of business resolved more than 16 billion year. April 1953 alone, the volume of twelfaces jumped to 6.5 billion year.

The T'al-feng firm, which products sugar, flour, and various cereals in Canton, presents a similar case. This firm handlet the mu shu (potato) raw flour product of South China. The firm purchases the raw flour lumps in the Tung-huan producing area, and processes them into timely milled flour. The firm supplys Canton stry as well as the surrounding country, and its daily sales amount to more than 6,000 cattise. Researly, due to the sea-onal nature of mu shu production, the supply was not sufficient to meet the tests of the firm. In the past 2 months the purchasing agents have (exestigated potential supply sources in the surrounding agricultural villages, and they have already purchased more than 200,000 cattise. Consequently, the volume of oursiness has steadily risen. In February 1953, the total was 330 million yuan; in March it was 360 million yuan; and in

Another example is Teingiao's important of firm, To Mao-being. The management of the firm abandoned the narrow selfish profit viewpoint to expand and strengthen the plan for promoting sales. They combined similar enterprises such as the Heingii, Tungifang, and Chungifan trading companies, and concentrated personnel and materials in a temporary confederation simed at exporting sesame and peanut cakes, and such products as beans, ta-pai-ts'al (Chinese greens), etc.

After the initial experience with this combine, the management united the Chien-t'ung and Chih-ch'ung trading companies. Because of the progressive expansion of overseas trade, the total value of export sales in 1952 was 2,945,000 Hong Kong dollars. From the enlarged export trade the firm received 2,435,000 Hong Kong dollars' worth of import goods with which to eatisfy domestic demands. These goods included: chemicals, production machinery and equipment, western drugs, etc.

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The guiding principle of private commercial enterprise is to emphasize market expansion and to meet the demands for daily necessities of the laboring peoples. For instance, the Tientsin merchants realize that the purchasing pover of the people in Northwest China has greatly risen, and although they clearly understand that the Sian district is largely a market for Shanghai goods, at the same time they realize that the supply of goods from Shanghai is not sufficient to satisfy all the demands of the vast Northwest area. Many articles of daily necessity are still relatively scarce, and therefore, the merchants have now organized with the industrial world to form a Northwest area trade delegation to Sian, Lan-chou, and other places to expand their goods market.

And as the Sian merchants discovered the comparatively high quality and relatively new styles and models of the goods, they began to buy in Tientsin. The merchants found that they had a great selection from which to choose and that they were purchasing better quality items, so that business for the Tientsin merchants improved. The merchants of Tsingtac on 4 May began to develop closer relationsips with the industrial circles of that city. As a result, prices were lowered by the industrialiets, and the supply of goods was greatly increased.

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